Thank you Pam for having me today.

This presentation is based on my newly released book, 101 Biggest Mistakes Nonprofits Make And How You Can Avoid Them.

What's most valuable about this work is that it is based on 300 years of combined real-world experience of 27 different contributors. These are people who have led nonprofit organizations, run development departments, program management, government relations offices, human resources, etc.

The contributors to this book have worked in and for organizations like:

- World Vision
- Food For The Hungry
- Mercy Ships
- University of Southern California
- California Symphony Orchestra
- Food Banks
- Rescue Missions
- Hospitals

Many people have asked me how I came up with the idea for this book, or why I wrote this. Here's how it came about…

I logged about 175,00 flight miles all across the U.S., and in every province in Canada. Those 175,000 miles took me into 75-100 nonprofits in just under 18 months. I met with, interviewed, and advised the national offices and many local affiliates of each organization you see on this slide.

What struck me after all of these meetings – and it hit my around the 15th meeting – was that while these organizations are all very different, have different missions, different strategic objectives, exist in different markets and are supported by sometimes vastly different types of donors, to a great extent these organizations were all making very similar, if not exactly the same mistakes.

And what's even more surprising is that some organizations serially make the same mistake or set of mistakes.

So it was after this experience that I decided the sector needed a guide. A stake in the ground, if you will.

Mistake #1 here is NOT HAVING A STRATEGIC PLAN

It's amazing to me how many organizations are operating without a strategic plan.

Without a strat plan, you don't know whether you're reaching goal or not. This makes it really easy to get distracted and go chasing every new idea, because there's nothing anchoring you as an organization. And I've rarely seen an organization that doesn't have a strat plan actually accomplish anything of significant value.

So here are 5 things you need to do to develop a solid plan:

1. **Understand your reality:** What's working? What isn't? Where are you succeeding? Where could you stand to improve?
2. **Define your priorities:** What are the critical things that must happen for you to be successful? What are the things that might be important, but not essential?
3. **Assign roles & responsibilities:** Who in the org is ultimately accountable for each priority in the plan? Who is responsible for helping those people execute the work successfully?
4. **Execute:** Documenting a strategy is meaningless if you never take action.

5. **Measure and Pivot:** You’ve got to regularly revisit your strategy to assess whether it’s working or not. Where it is, that’s great! Celebrate that. Where it isn’t working, you’ve got to pivot so that you can do what you need to do in order to succeed.

Hiring Unproven Major Gift Officers

This happens ALL THE TIME in our industry. We hire someone who looks GREAT on paper, but they end up being a TERRIBLE hire.

These are what my friend Roy Jones, VP of Major Gifts at Mercy Ships calls Butterflies and Bumblebees.

And he calls them that because for 12-18 months they flutter around your organization creating a lot of activity, but when they leave – usually right around 18 months – you're left with the sting of realizing they haven't actually raised you any money, and they've done nothing to improve your donor relationships!

Story example:

I know of one organization that hired a major gift officer about 5 years ago. He's still on staff today. However, they're unable to point to a single major gift that has resulted from a specific ask this person has made. They're also unable to identify a single major donor relationship that has been deepened or advanced because of his work. So over five years, this person has created a lot of activity in the organization, but not ever produced a result for the organization. That's a really expensive 5-year investment with zero specific returns. This is the essence of this mistake.

Here are 7 qualities to look for in a high qualified gift officer

1. They're focused, active listeners
2. They care deeply about people, and value the art of building authentic relationships
3. They're passionate about their organization's mission and values
4. They're highly self-aware and self-disciplined
5. They are results driven
6. They're resilient
7. They're persistent, but they don't pester
8. **Proven track record of securing 5, 6, and maybe even 7-figure gifts for other organizations**

The next big mistake is RUSHING AN ASK

Here's how this happens. We have a need, and we want to fill it now. So we sit around a table and talk about who we can go to and make an ask to support this need. We create a short list, and decide to go ask.

Problem is, in MOST instances, we haven't done the groundwork necessary to build the relationship and bring that donor along on a journey where they help us understand what their priorities are, and how we fit into those.

We make it all about our needs and our timetable instead of respecting the fact that it's really ALL ABOUT THE DONOR. It's ALL ABOUT THEIR TIMELINE. When we rush the ask we often miss the opportunity to discover the donor's desire zone (what' they're most passionate about), and the results are typically negative for our organization, and for our relationship with that donor.

Story example

I worked with a hospital organization that was in a revenue shortfall situation on a major initiative. They had a donor who typically gave $50,000/year toward their annual fund. Knowing that this donor had significant capacity, the organization decided they'd go to her with a $1.5 Million ask to help close the gap on their major project. They scheduled a lunch meeting w/the donor, and during lunch they made the ask. The donor was a bit surprised by this, and balked at the request. She further shared w/them that the annual gift they received was because her late husband had been passionate about their work. But she explained that she herself wasn't all that interested in what they were doing – she only gave in his memory. Unfortunately, this conversation caused her to re-think her giving. Not only did she not give the $1.5 Million gift they requested. She also reduced her annual gift from $50,000 to $10,000. This happened because the organization rushed the ask and didn't invest the time to get to know her, her philanthropic priorities, and to craft an ask around a program or project that aligned with her priorities.

You should never rush an ask, even if it means losing an opportunity. If you do, you put the entire donor relationship at risk, and likely will negatively impact your long-term revenue potential with that donor.

Not using a fundraising strategy/tactic because you don't personally like it.

This is my daughter Elisabeth. She's 8. And as you can tell from this picture, Elisabeth doesn't like broccoli. But it's good for her. So I often have to tell her that she needs to eat her broccoli, even though she really hates it.

In the same way, one of the biggest mistakes we make is not using a particular fundraising strategy or tactic just because we don't personally like it. Here are the top four examples of where we go wrong in this area:

- Putting an envelope in your thank you receipts
    - This is proven through testing to deliver as much as 10% additional revenue to nonprofits
- Using the phone to engage donors – and even to ask lapsed donors to continue supporting you
    - Phone solicitation is most effective for reactivating lapsed donors (typically 3X more effective than the mail), and also very effective for converting 1-time donors to monthly sustainers (it's the most effective channel outside of direct response television)

- Asking major donors for specific amounts of money
    - Donors – especially major donors – simply want to know what action we want them to take. When we leave it to them to decide how much to give, it actually causes friction for the donor because they don’t know if the amount they decide on is what you actually wanted/needed or not. It’s much better to make a specific ask that the donor can consider, rather than leaving it to them to decide what to give.
- Talking about the stark realities of our work – not just highlighting happy stories
    - The #1 reason donors decide to give to you is because they understand there is a problem they can solve through their philanthropy. If you only ever tell positive stories, donors won’t understand how their intervention can help you solve a problem. When this happens, they’ll simply go elsewhere and give to another organization that does a better job of telling the story of need and opportunity.

Making Decisions Based On Cost Vs Value

Chasing the lowest cost rather than focusing on value is very dangerous

Example 1: 7 organizations began working with a fundraising consultant that promised they could cut costs for the nonprofits. While that claim was true (each saved 20% - 25%), what they didn't understand was that the new consulting firm didn't have a clear understanding of fundraising strategy. Because of that, each of the nonprofits lost several hundred thousand dollars in revenue because of this change. One of the organizations even lost $1 Million.

Example 2: One organization recently transitioned from an "expensive" database to a low-cost platform that saved them thousands of dollars each year. After the conversion they discovered that the new system didn't have the capacity to track actions and activities at the donor level, rendering the organization's major gifts moves management process untrackable. While they were able to save some money on the database, they now have gift officers managing and tracking their efforts in Excel spreadsheets – increasing the time wasted on tracking, and increasing the likelihood for human error.

Focus on VALUE instead of COST.

When you make investment decisions, look at the revenue side of the equation AS WELL AS the expense side. Don’t JUST look at the expense side of the ledger.

Setting arbitrary goals

"What should our goal be? Should we use 15% growth? 20% growth? What's the best number? What are other organizations doing?"

Problem with this thinking is it's NOT BASED IN REALITY!

- What does your trend line look like?
- Has anything changed in the last 12 months that will impact your ability to hit goals?
- What budget do you need in order to hit goals?

Measuring the WRONG THINGS

Example: An organization once told me that they couldn't shift cost from their large direct mail program to fund hiring a major gift officer and invest in digital fundraising efforts because their board monitored the Cost Per Piece of their direct mail program. And if they cut their direct mail budget to fund other things, their cost per piece would go up. While that is true, it's also true that their revenue would go up – likely significantly!

Bad measures
- Average Gift
- Response Rate
- Gross Revenue
- Number of New Donors

Better measures
- Net Revenue
- Long-term Value

- Annual Value Per Donor
- Donor Retention

Believing Fundraising Is Not Your Job

We've all heard a CEO or Executive Director at some point say something like, "I don't do fundraising. That's why I hired YOU."

- CASE, the Council for Advancement and Support of Education conducted a survey of high net worth donors a few years ago and discovered that these donors will TOLERATE fundraisers, but that they WANT to engage with CEO's, Presidents, Academic Deans, and Professors. They will only TOLERATE fundraisers. And while this was specific to higher education, I suspect there's a similar feeling with donors across all types of organizations. They want, need, and expect to be able to engage directly with the leadership of the organizations that they are investing in.

Pushing this narrative devalues those doing the work of fundraising, and creates an us vs them mentality in your organization.

Here are 4 ways you can get involved WITHOUT having to ask for money:

1. **Share**

2. **Attend**
3. **Connect**
4. **Give**

Focusing on cash vs assets

Let me be clear. I'm not saying cash is bad. Nor am I suggesting you should turn away a donor who wants to write you a check or give you a gift on their credit card. That would be crazy! What I am saying though, is that checkbook giving will never unlock the largest gifts from your donors. If your organization wants to get ahead and stop living paycheck-to-paycheck, month-to-month, then you need to start making asset-based asks of your donors.

When you make a major or legacy gift ask, you're almost always asking for a gift that would be asset-based. At the lower end, say $5,000 - $10,000, some high capacity donors can give that amount from their discretionary spending accounts (i.e., a check or credit card). But went you start asking for $25K, $50K, $100K+, in most instances your donor will need to make that gift either by converting an asset to cash, or by donating an asset (i.e., stock, real estate, or a transfer from their Donor Advised Fund or Family Foundation, etc.) to you.

But most organizations don't focus on gifts of these type outside of major/legacy gift asks. It's rare that nonprofits ask for asset-based gifts in their annual fund. But you should!

We did this for one of our clients by simply putting a box on the back of their direct mail appeal letter asking donors to consider giving a gift of appreciated stock, or a gift through their Donor Advised Fund. Twice now they have received $100,000 gifts as a result. In fact, one of them came from a donor who had previously given cash gifts of $5,000, but who then gave a $100,000 distribution from his Donor Advised Fund.

Not talking to donors frequently enough

This isn't about NOT SOLICITING enough. In most cases, organizations are soliciting enough – if not too much.

What I'm talking about here is engagement. Here are some examples:

- Quarterly print newsletters
- Impact reports (print and email)
- Thank you calls – Target Analytics has proven that a timely, live thank you call can improve donor retention by as much as 40%
- Engagement calls – We've seen these increase value per donor by as much as $90
- Sharing stories of the impact and change that donor philanthropy makes possible

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Hi <First Name>,

I’m so glad I caught you today!

My name is <Name>, and I’m calling from <Organization>. You might not realize it, but you have been one of our most important partners in <Describe your mission/work here>. Your gifts in the past have helped us <talk about accomplishments here>. In fact, it’s because of you and other generous friends just like you that <tell a short impact story here>.

<First Name>, the reason I’m calling today is because we greatly appreciate all you’ve done for us in the past. And right now, we have an amazing opportunity to <talk about something you’re hoping to accomplish>. But we can’t do this on our own. We need the support from friends like you to make this a reality. My records show that you most recently gave a gift of <Gift Amount>. It would be incredibly helpful if you could give a gift like that again today. Is that something you think you could do?

IF YES
Thank you so much! That is such a kind and generous gift. I can take your credit card here over the phone if you’d like.

IF YES to Credit Card
Great! I’m ready when you are

IF NO to Credit Card
I totally understand. I can send you a donation form in the mail, or I can send you a secure link to our online donation page via email. What is easiest for you?

If NO to Ask
I completely understand. Was there an amount you’d be more comfortable giving at this time?